



TASTE THE FEELING

# Barclays Global Consumer Staples Conference

## The Coca-Cola Company

James Quincey, President and Chief Operating Officer  
September 6, 2016

## Forward-Looking Statements

This presentation may contain statements, estimates or projections that constitute “forward-looking statements” as defined under U.S. federal securities laws. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from The Coca-Cola Company’s historical experience and our present expectations or projections. These risks include, but are not limited to, obesity concerns; water scarcity and poor quality; evolving consumer preferences; increased competition and capabilities in the marketplace; product safety and quality concerns; perceived negative health consequences of certain ingredients, such as non-nutritive sweeteners and biotechnology-derived substances, and of other substances present in our beverage products or packaging materials; an inability to be successful in our innovation activities; increased demand for food products and decreased agricultural productivity; changes in the retail landscape or the loss of key retail or foodservice customers; an inability to expand operations in emerging and developing markets; fluctuations in foreign currency exchange rates; interest rate increases; an inability to maintain good relationships with our bottling partners; a deterioration in our bottling partners’ financial condition; increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters; increased or new indirect taxes in the United States or in one or more other major markets; increased cost, disruption of supply or shortage of energy or fuels; increased cost, disruption of supply or shortage of ingredients, other raw materials or packaging materials; changes in laws and regulations relating to beverage containers and packaging; significant additional labeling or warning requirements or limitations on the marketing or sale of our products; an inability to protect our information systems against service interruption, misappropriation of data or breaches of security; unfavorable general economic conditions in the United States; unfavorable economic and political conditions in international markets; litigation or legal proceedings; failure to adequately protect, or disputes relating to, trademarks, formulae and other intellectual property rights; adverse weather conditions; climate change; damage to our brand image and corporate reputation from negative publicity, even if unwarranted, related to product safety or quality, human and workplace rights, obesity or other issues; changes in, or failure to comply with, the laws and regulations applicable to our products or our business operations; changes in accounting standards; an inability to achieve our overall long-term growth objectives; deterioration of global credit market conditions; default by or failure of one or more of our counterparty financial institutions; an inability to timely implement our previously announced actions to reinvigorate growth, or to realize the economic benefits we anticipate from these actions; failure to realize a significant portion of the anticipated benefits of our strategic relationship with Monster Beverage Corporation; an inability to renew collective bargaining agreements on satisfactory terms, or we or our bottling partners experience strikes, work stoppages or labor unrest; future impairment charges; multi-employer plan withdrawal liabilities in the future; an inability to successfully integrate and manage our Company-owned or -controlled bottling operations; an inability to successfully manage the possible negative consequences of our productivity initiatives; an inability to attract or retain a highly skilled workforce; global or regional catastrophic events; and other risks discussed in our Company’s filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2015, and our subsequently filed Quarterly Reports on Form 10-Q, which filings are available from the SEC. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Coca-Cola Company undertakes no obligation to publicly update or revise any forward-looking statements.

## Reconciliation to U.S. GAAP Financial Information

The following presentation may include certain “non-GAAP financial measures” as defined in Regulation G under the Securities Exchange Act of 1934. A schedule is posted on the Company’s website at [www.coca-colacompany.com](http://www.coca-colacompany.com) (in the “Investors” section) which reconciles our results as reported under Generally Accepted Accounting Principles and the non-GAAP financial measures included in the following presentation.





# Topics For Discussion

**Building From Strength**

**Accelerating Our Actions**

**Evolving Our Strategies**



# Building From Strength





# We Are Transforming the Company and System

- > Building **STRONG BRANDS**
- > Driving **CUSTOMER VALUE**
- > Leading Our **FRANCHISE SYSTEM**



**STRONG  
BOTTLING  
PARTNERS WITH...**

Belief in  
Collaborative  
Franchise  
Model

Vision for  
Long-Term  
Value Creation

Passion for  
People and  
Execution



# We Have a Set of Clear Strategic Actions

## Strategic Actions

- ✓ Focus on core business model
- ✓ Streamline and simplify
- ✓ Drive efficiency through aggressive productivity



**Accelerating Our Actions**

- ✓ Focus on revenue through segmented market roles
- ✓ Disciplined brand and growth investments



**Evolving Our Growth**





A man with curly hair and a beard, wearing a denim jacket and red sneakers, is carrying a woman in a red dress on his back. He is smiling and holding a glass bottle of Coca-Cola. The background is a blurred cityscape at sunset or sunrise.

Accelerating  
Our Actions



# We Are Building a Stronger System

Better System Alignment, Synergies, Improved Customer and Consumer Attention

## NORTH AMERICA



- ~70% of CCR Volume Under Agreements\*
- Expected Close: By End of 2017

## LATIN AMERICA



- Long-Term Guidelines for Relationship Economics
- Begins July 2017

## EUROPE, MIDDLE EAST & AFRICA



- Transactions Both Closed Mid-2016

## ASIA PACIFIC

2-Bottler Strategy for Mainland China



Potential Merger of East & West Japan



- China's Expected Close: 2017
- Japan's Expected Close: TBD



# Alignment and Focus Drives Improved Performance

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## DEVELOPED MARKETS

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e.g.  
United States

- Refranchised territories showing improved performance
- Maintaining top quartile FMCG performance amidst refranchising\*

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## EMERGING/ DEVELOPING MARKETS

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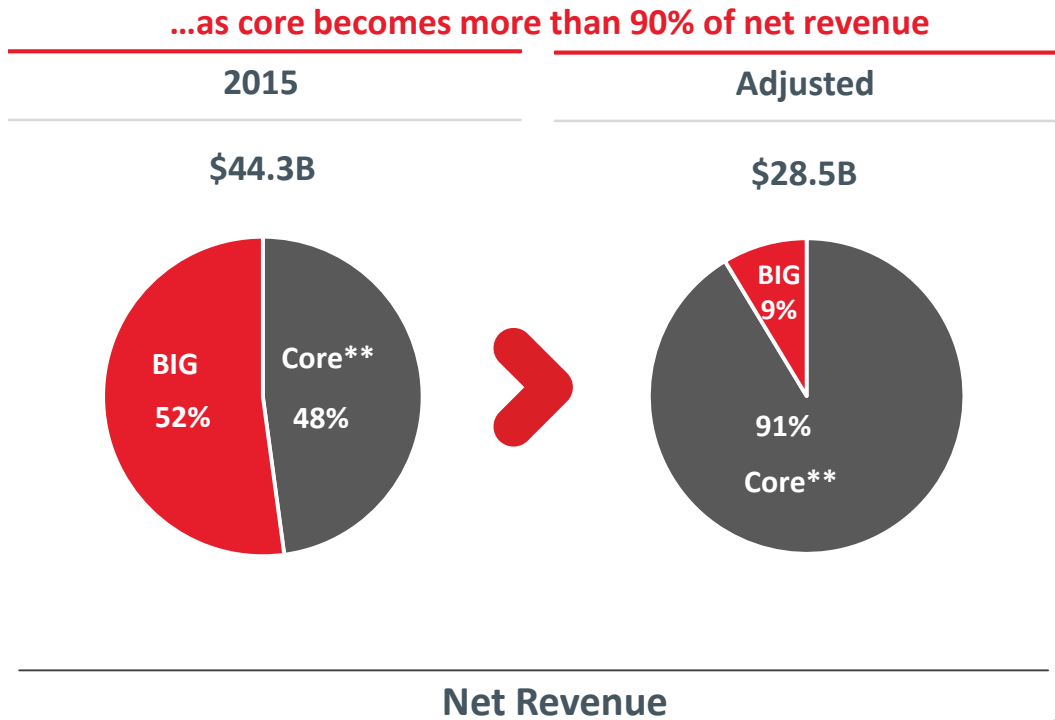
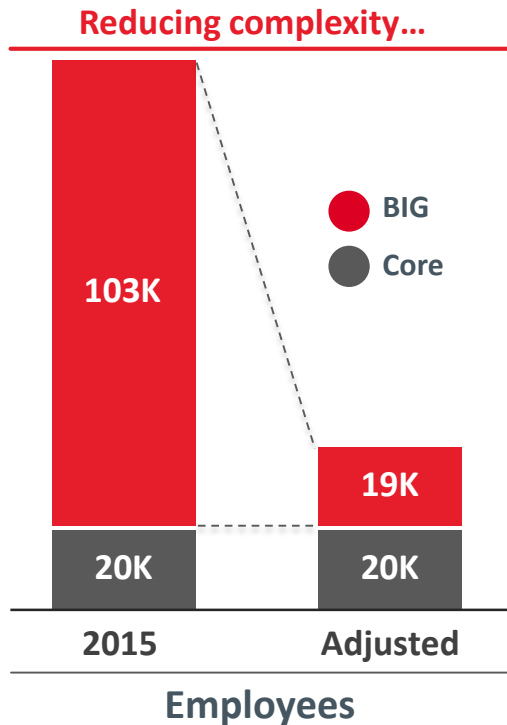
e.g.  
Indonesia

- Aligned on plan to revive sparkling growth
- Recaptured significant value share in sparkling category



# Post-Transformation, We Will Have Greater Focus on Our Core Business

Illustrative examples using 2015 performance and headcount and adjusting to remove previously announced bottler divestitures\*





# We Are Returning to an Asset-Light Model: Higher Margins and Reduced Capital Intensity

Illustrative example using 2015 performance and adjusting to remove previously announced bottler transactions\*\*\*

	<u>2015</u>		<u>Adjusted</u>
Gross Margin*	61%	↑	68%
Operating Margin*	23%	↑	34%
Capital Expenditures**	\$2.6B	↓	\$1.3B
Free Cash Flow Margin	18%	↑	+900bps



# Productivity Initiatives Are Effective and Becoming Embedded in the Way We Work

Illustrative example using 2015 performance and adjusting to remove previously announced bottler transactions\*

	COGS	SG&A		Total
2015 Adjusted Spend Base	\$9B	<div> <div>\$10B</div> <div>Opex</div> <div>Marketing</div> </div>		\$19B
Total Savings	~\$1.1B	~\$1.2B	~0.7B	~\$3B
Percentage of Spend Base	12%	19%		16%



**ON TRACK TO DELIVER 2016 TARGETS WITH CONTINUED EVOLUTION**



# We Will Emerge Better Positioned for Growth



An energized and aligned system



Focused on capability and talent development



A more efficient and effective organization through productivity efforts with greater ability to reinvest in the business





# Evolving Our Strategies



# We Are Clear on Our Growth Opportunity

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**Attractive Long-Term  
Industry Growth**

**~5%  
CAGR**

**Near-Term Industry Growth**

**~4%  
CAGR**

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Note: Expected NARTD Industry Value Growth | Source: Internal estimates



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Note: KO's Global Value Share of NARTD | Source: Internal estimates



# We Are Confident in Our Growth Strategy

Consumer  
Demand



Great  
Marketing



Excellence  
in Sales Execution



**GROWTH**

Revenue

Profit Before  
Tax

Economic  
Profit



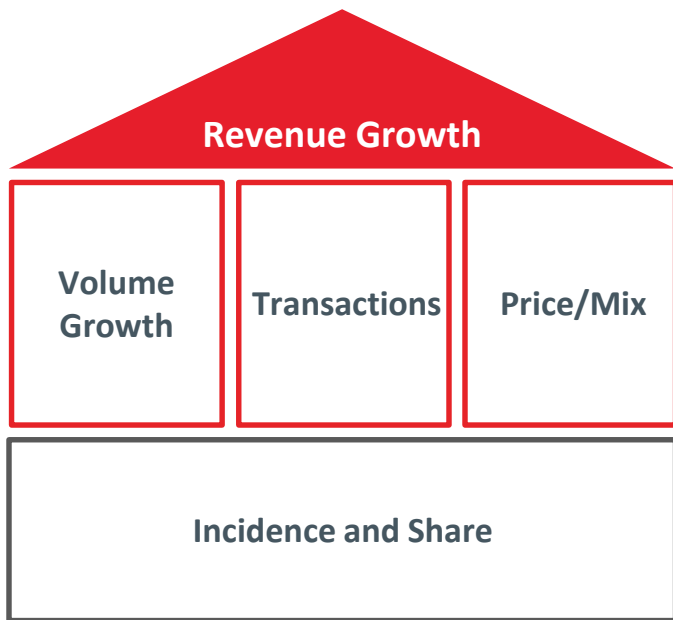
**DISCIPLINED PORTFOLIO CHOICES**



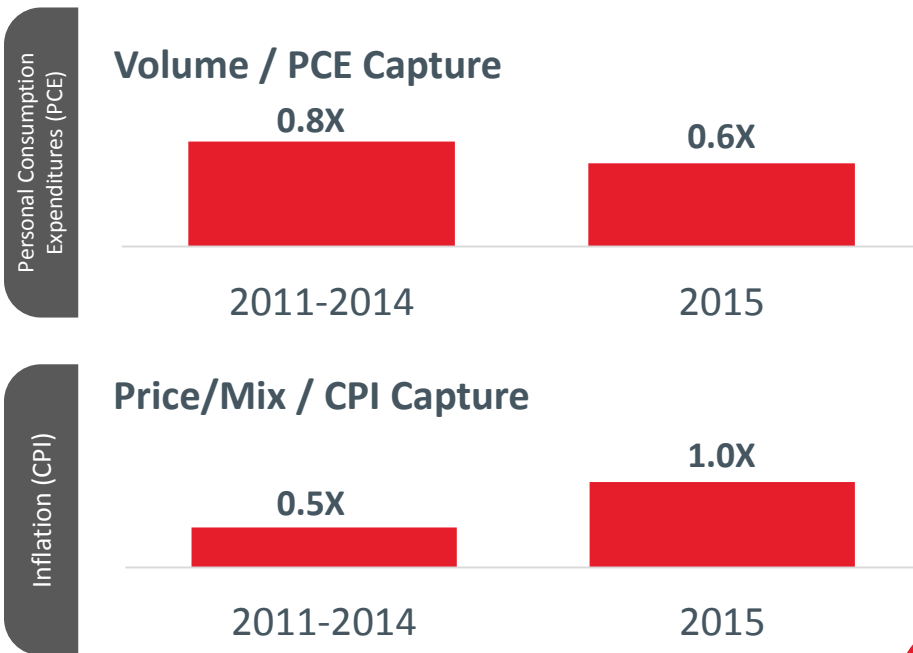


# Our Strategy Evolution Is Resulting in Improved Pricing vs. Inflation

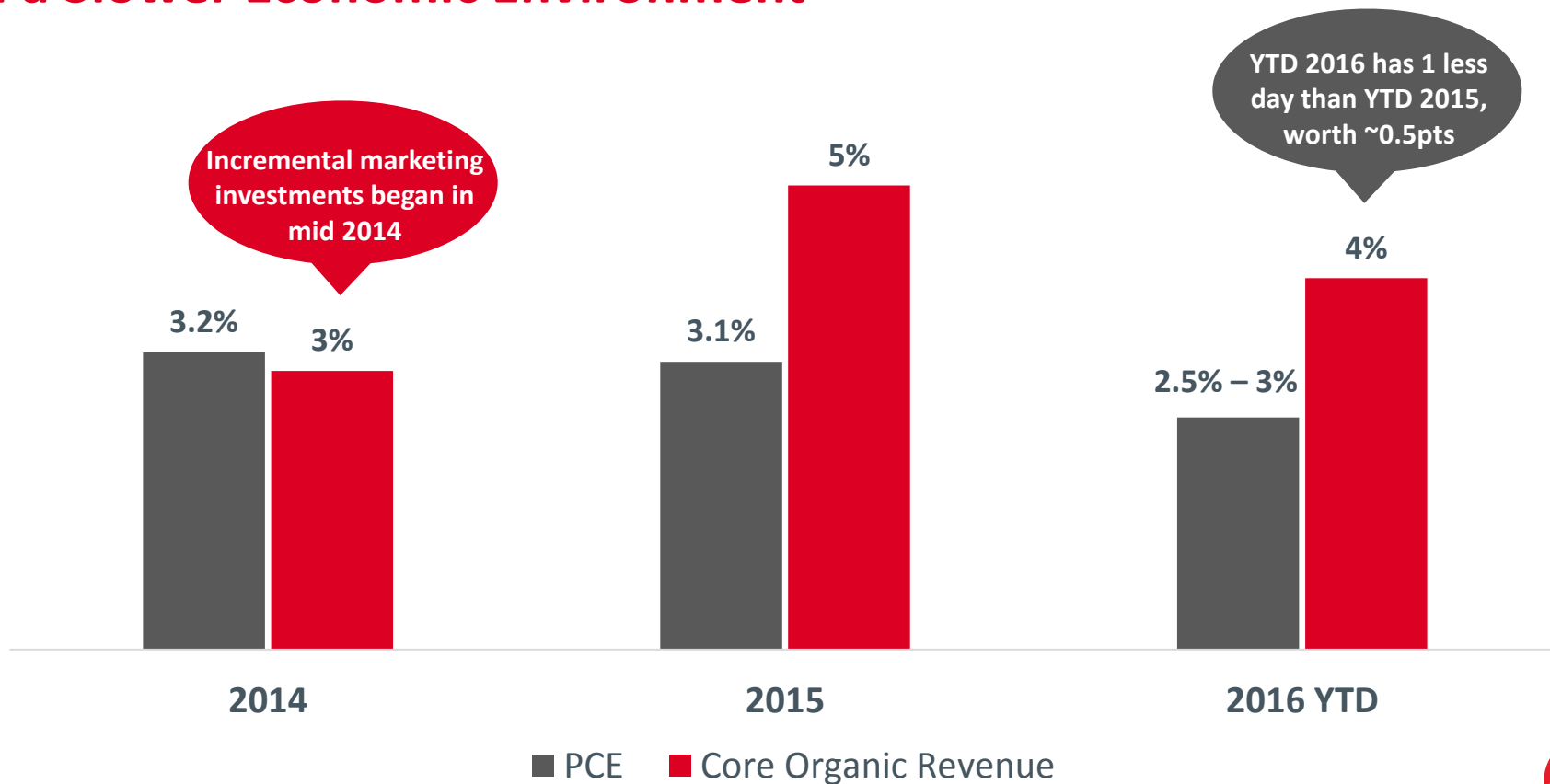
## Segmented Revenue Growth Strategies



## KO Macroeconomic Capture



# Our Core Business Accelerated After Stepping Up Investments Even in a Slower Economic Environment



# We Are Seeing Green Shoots from the Taste the Feeling Campaign and the 'One Brand' Strategy



**15 Out of  
Top 17  
Markets**

**Brand Love  
Stable or Improving\***

**11 Out of  
Top 17  
Markets**

**Incidence  
Stable or Growing\***

# We Are Reshaping Our Sparkling Strategy for Sustainable Growth

FROM

Offering Choice



Volume



Multiple Brands  
Extrinsics **OR** Intrinsics



TO

Shaping Choice



Value



One Brand  
Extrinsics **AND** Intrinsics

LEADERSHIP

TRANSPARENCY

INNOVATION

GOAL: REVENUE > TRANSACTIONS > VOLUME > SUGAR



# The Growth Potential Outside of Sparkling Remains Significant

## Value Share Position

#1

In Sparkling, Juice & JD, RTD Coffee



#2

In Energy\*, Water, Sports/Water+, RTD Tea



## Headroom for Stills Value Growth

Sparkling

Stills

>50%

~15%





# We Are Accelerating the Growth of Our Stills Portfolio to Address the Opportunity

## Build Local

- Drive innovation
- Grow local winners
- Expand distribution



## Bolt-on M&A

- Bolt-on acquisitions
- Partnerships



## Scale Globally

- Scale premium brands globally as one brand or individual brands



## Profitable Growth

- Value share leadership
- Profitable participation
- Ensure margin accretion

Fit for Purpose Route To Market



# In North America, We Built a Strong Stills Portfolio Through Innovation and Acquisitions

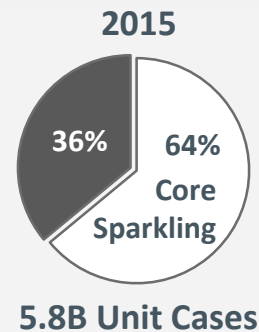
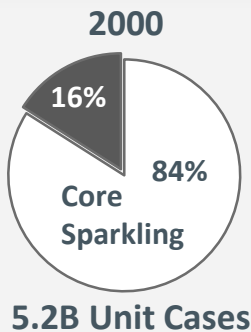
## INNOVATED AND SCALED



## ACQUIRED THEN SCALED



## INVESTING FOR THE FUTURE



# Summary



**Strong Assets and Clear Strategic Initiatives**

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**Accelerating Our Actions to Emerge Better Positioned for Growth**

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**Leveraging an Effective Revenue and Margin Growth Strategy**

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**Reshaping Our Sparkling Strategy**

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**Accelerating Our Stills Growth**







Q&A